# GOVERNMENT OF INDIA
# CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
# LOK SABHA

STARRED QUESTION NO:496
ANSWERED ON:28.04.2008
CONCESSIONAL LOANS FOR ETHANOL PRODUCTION
Barman Shri Hiten;Mahato Shri Narahari

**Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:**

(a) whether the Government has any proposal for providing concessional loans from the Sugar Development Fund to the sugar mills which have their own distilleries for developing facilities for production of Ethanol;

(b) if so, the details thereof; and

(c) the time by which it is likely to be implemented?

## Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a),(b) & (c): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (c) OF THE STARRED QUESTION NO. 496 DUE FOR ANSWER ON 28.04.2008 IN THE LOK SABHA.

(a), (b) & (c): The Sugar Development Fund Act, 1982 was amended in June 2002 and the SDF Rules 1983 were amended in January, 2003 for providing loans to sugar mills from Sugar Development Fund (SDF) for setting up of projects for production of anhydrous alcohol or ethanol, at a concessional rate of interest of 2% below the Bank Rate which effectively works out to 4% per annum at present.

As per SDF Rule 22, loans are already being provided from Sugar Development Fund to sugar mills which have their own distilleries for production of anhydrous alcohol or ethanol from alcohol as follows:-

i) in case of sugar factory,implementing a project for production of anhydrous alcohol or ethanol from alcohol, which has been approved for financial assistance by a Financial Institution or a scheduled bank, provided that at least 12.5% of the cost of the project, is being met by the sugar factory from its own resources as part of promoters` contribution, the SDF funding will be upto 40% of the eligible project cost or the amount as required by the Financial Institution/Scheduled Bank whichever is less;

ii) in case any sugar factory, implementing a project for production of anhydrous alcohol or ethanol from alcohol, which has been appraised by a Financial Institution or a scheduled bank or any agency approved by the Central Government for this purpose and which undertakes to meet at least 25% of the cost of the project, from its own resources, will be eligible for loan from SDF upto 75% of the eligible cost of project;